



COUNTY OF LOS ANGELES
CHIEF ADMINISTRATIVE OFFICE

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SALLY R. REED
CHIEF ADMINISTRATIVE OFFICER

April 26, 1996

To: Each Supervisor

From: Sally R. Reed
Chief Administrative Officer

Subject: **COUNTY OVERTIME POLICY AND PROCEDURES**

On April 9, 1996, on motion of Supervisor Yaroslavsky, the Board instructed this office and the Auditor-Controller to review the findings and recommendations of the State Auditor regarding overtime, as published in his report entitled, *"Los Angeles County: Balanced Budget Will be a Continuing Challenge."* The Board further instructed that we return in 60 days with policy and control procedures to ensure that all departments effectively and efficiently regulate the authorization and utilization of overtime.

The County Code currently provides appropriate authority and mechanisms for regulating overtime, although related procedures have not been consistently followed or enforced. Therefore, via this memorandum, **we are reinforcing existing controls and instructing all department heads, and requesting the Sheriff, District Attorney, and Assessor, to adhere to the procedures set forth in Exhibit A effective immediately.** The Auditor-Controller, who helped prepare and concurs with this report, has indicated that he will conduct periodic spot audits to verify departmental conformance with these procedures.

State Auditor's Report

The State Auditor's Report, *"Los Angeles County: Balanced Budget Will be a Continuing Challenge,"* found that "the County maintains limited control over department overtime expenditures through CAO review and board of supervisors' approval of annual budgets that include specific allocations for overtime". Based on a review of overtime controls practiced at four selected departments, the State Auditor found room for improvement in control procedures due to several instances of overtime worked without prior authorization and inadequate record-keeping regarding such approvals.

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Consequently, the State Auditor recommended that the County: "Ensure that all departments establish and maintain controls over the authorization and use of overtime."

County Code Requirements

The County Code establishes different CAO/Board overtime authorization and department head approval requirements for different groups of employees. These requirements are summarized in Exhibit B. Irrespective of the differences in Code provisions, all overtime creates a current pay or deferred pay liability and must be authorized in advance by the CAO or the Board, except in major emergencies. In addition, all overtime, including paid overtime and compensatory time-off, must be approved in advance by the relevant department head before work is performed.

We believe that the authority and mechanisms referenced in the County Code provisions provide an appropriate foundation upon which to base procedures, as set forth in Exhibit A, to ensure a suitable and effective level of oversight and control with regard to use of overtime in the County, without imposing overly cumbersome requirements which could impede departmental efficiency and responsiveness.

Should some departments find these procedures unwieldy, those department heads may wish to suggest alternative approaches which would achieve the same objectives of improved control and consistency in authorizing and managing overtime, while providing a more workable process. Should such suggestions be generated, we would consider convening a task force to further study the issue and evaluate workable changes.

If you have any questions concerning this report, please call me or your staff may call Patricia H. Swancutt of my staff at (213) 974-2485.

SRR LMJ
MKZ FF:mmg21

Attachments

c All Department Heads

OVERTIME AUTHORIZATION POLICY AND PROCEDURES

To bring County overtime practices into line with the State Auditor's recommendations, effective immediately, policies and procedures governing approval and record-keeping for overtime in the County are as follows:

1. Except in the case of a major emergency, all overtime must be authorized by the CAO in advance of the overtime being worked and must not exceed the overtime amount financed in the budget.
2. In the case of a major emergency, overtime must be approved by the relevant department head in advance of the overtime being worked. Subsequent notification of such overtime worked must be provided to the CAO within two weeks of the time the overtime is worked, accompanied by a statement by the department head stipulating as to the nature of the major emergency.
3. Requests for authorization of overtime must be submitted to the CAO quarterly, at least five business days before the beginning of the quarter in which the overtime is to be worked. If it is later discovered that additional overtime will need to be worked during the quarter, the department head should request authorization for the additional time at least five business days before the time is to be worked. Each department head's request must include a letter of justification and be accompanied by the attached form. Each such request must minimally detail the following:
 - a. The justification for overtime, based on past experience and other appropriate factors; and
 - b. The number of positions in each affected classification for which overtime authorization is requested, and
 - c. A reasonable estimate by position classification of the required overtime hours for FLSA covered employees or exempt non-salaried employees. Estimates supporting requests for full shift compensatory time off authority for FLSA exempt salaried employees should include only that work which in the department head's opinion, would substantially exceed the employee's regular workload
4. If the CAO does not respond to a request for authorization of overtime within five business days of receipt of the request, the request may be deemed approved.
5. In addition, all overtime worked must be pre-approved by the relevant department head or the department head's designee before the work is performed. Each department must prepare and distribute internal policies and procedures which minimally ensure that only paid overtime specifically approved in advance by the CAO and the department head is worked and paid, and that such overtime does not exceed the amount estimated by the department in its request for authorization. The FLSA requires that FLSA regulated overtime "suffered" to be worked by FLSA covered employees must be paid whether or not it is authorized. To prevent this, internal department policies and procedures should be designed to effectively prevent unauthorized overtime from being worked.
6. Each department must maintain records that demonstrate compliance with these policies and procedures for the current and at least three prior fiscal years unless relevant program requirements (e.g. grants) specify a longer retention period, or until audited. The Auditor-Controller will conduct periodic spot audits of such records to confirm compliance.

These requirements will remain in place pending implementation of any modifications which may be suggested by department heads and approved by the CAO or the Board as appropriate. Questions from departments concerning paid overtime authorization policies and procedures should be directed to their budget analyst in the CAO. Questions concerning the FLSA ramifications of those policies and procedures should be directed to the CAO Compensation Policy staff at (213) 974-2486.

COUNTY CODE PROVISIONS RELATING TO OVERTIME AUTHORIZATION

- I. The following provisions of Section 6.15.040 of the County Code, in conjunction with the County Code provisions described below, set forth the requirement that all paid overtime for FLSA covered employees and non-salaried attorneys and physicians be pre-authorized by the Board or CAO:

Section 6.15.040 Required Authorizations.

- A. An employee shall not be assigned overtime that qualifies for payment unless:

1. Such overtime is first approved by the Board of Supervisors or the Chief Administrative Officer; or
2. Such overtime is necessitated by a major emergency due to fire, flood, or other cause involving significant danger to life or property. Such emergency overtime which does not qualify for the FLSA overtime rate may be worked upon approval of the department head.

- B. To request authorization from the Chief Administrative Officer to pay employees for overtime, the department head shall notify the Chief Administrative Officer in writing of the reasons requiring paid overtime, the number and titles of positions affected, and the probable period of time the overtime will be worked. The request shall be made before the overtime is worked.

- II. Paid overtime and compensatory time-off authorization and approval requirements for County employees are set forth in the following County Code provisions:

County Code Provision	Affected Employees	Authorization Requirement
Chapter 6.08, Part 2, Physician Pay Plan	Physicians	Prior approval of department head to work medically necessary overtime
Chapter 6.09, Salaried employment	Salaried FLSA exempt non-represented managers, administrative staff and professionals	Prior authorization by the CAO and approval of the department head for compensatory time-off, within maximum accrual limit set by the CAO.
Chapter 6.15	All FLSA covered employees and non-salaried FLSA exempt employees such as attorneys and physicians	Prior authorization of the Board or CAO and approval of the department head required for all paid overtime; work on a compensatory time-off basis may be restricted by the CAO.

Overtime payments to an individual employee who holds more than one position may also be impacted by the provisions of Chapter 6.16, Holding More Than One Position.

COUNTY OF LOS ANGELES REQUEST FOR OVERTIME AUTHORIZATION

As provided in the County Code, I request that the Chief Administrative Officer authorize overtime for the following positions for the period indicated below. A letter of justification is attached.

department head's signature	Dates Beginning and Ending Quarterly Request Period	
	date beginning period	date ending period
department name	department organization number	department payroll number

OVERTIME HOURS OR SHIFTS REQUESTED

item no	classification title	number of positions	FLSA status: c=FLSA covered x=salaried exempt n=non-salaried exempt	overtime hours requested for positions coded c or n	overtime shifts requested for positions coded x
Total overtime hours or shifts requested:					

<p style="text-align: center;"><u>CAO Action</u></p> <p>- approved</p> <p>- not approved</p> <p>date</p>	<p><u>Conditions and Limitations:</u></p>
signature	

Attach additional pages if needed